1:Stanford U. S-4, 5 1956 AF12 North China
~~AF12~~ AF12

and Shansi is shipped by rail to East China by way of the Peking-Hankow, the Hankow-Canton, the Tientsin-Pukou, the Tsinan-Tsingtao, and the Shihchiachuang-Taiyuan railways. Coal from the mines at Kailan meant for East China ccastal cities is usually loaded at Chinwangtao Harbor.[35]

XII. DOMESTIC TRADE

"State socialism" is the guiding principle for the economy of Communist China. The present stage of transition allows for state-owned, co-operative, state-capitalist, and individual trade and industry.

A. State-owned Trading Companies

In 1950, six domestic trading companies were established with branches and sub-branches in nearly all of the major cities of North China. These are: the China Food Company, the China Textile Company, the China Salt Company, the China General Merchandise Company, the China Coal and Building Materials Company, and the China Native Products Company.[36] The

35. Economic Weekly, Shanghai, May 25, 1950, p. 9.

36. Newspaper Reading Handbook, Hankow, Yangtze Daily, 1950, pp. 422-23.

1;Stanford U. S-4, 5 1956 AF12 North China
~~AF12~~ AF 12

438 China General Merchandise Company and the
655 China Native Products Company have established branches even in rural areas.[3] The volume of trade of state-owned companies has increased since 1950 - nearly 300 per cent by 1952, although the total volume of trade throughout China may not have increased correspondingly. Regional trade of state-owned companies in North China probably increased at about the same rate.[38]

By the end of 1954, the number of state-owned trading companies in China as a whole had increased approximately 45 per cent over the number controlled by the state in the previous year.[39]

435 The general level of commodity prices was unchanged during 1954 as a result of the rationing of grain and other staples. In eight major cities, including Peking and

---

37. Yuan-li Wu, An Economic Survey of Communist China, New York, Bookman Associates, 1956, p. 380.

38. People's China, Peking, Jan. 16, 1954, p. 5.

39. Current Background, Hong Kong, U.S. Consulate General, Sept. 29, 1955, p. 8.

2: Gamble S-5 (1926-1933) 1954 AF 12 North China AF 12

651 our study, with troop movements in the area, brought special tax levies. The arrival of the Nationalist government in 1928 brought considerable readjustment and rearrangement in the tax program. The efforts of the various departments of the government to expand their services and take on new activities tended to increase the amount of the regular taxes and to add some new assessments.

655 Salt was a monopoly of the national government and the salt tax had long been one of its chief sources of income. The amount collected from Ting Hsien could be accurately estimated as the local distribution was in the hands of a single dealer. He reported the annual consumption to be some 5,500 bags of 471 catties each, a total of almost 2,600,000 catties, or some 6.4 catties (8.5 pounds) per person per year.

655 The basic salt tax was $2.75 per picul (100 catties), and was collected
651 for the national government. Numerous surtaxes that had gradually been added for various purposes had been combined into one "consumer's contribution" of $1.70 per picul. This was allocated to the provincial government. The total tax, $4.45 per 100 catties, was 51 per cent of the market price of $8.70 per picul. The total Ting Hsien tax, some $115,000, was divided $71,000 to the national government and $44,000 to the provincial government.

651 On cigarettes the basic tax was 32.5 per cent of the wholesale price. On the Little Child brand it was $29.25 per case of 50,000 cigarettes. For 1929 the estimated consumption of all brands was 100 cases per month and the estimated annual tax $35,100.

The locally grown tobacco leaf was taxed $2.00 per 100 catties. A license fee was levied on all local tobacco dealers, varying from $2.00 a year for the peddler who carried cigarettes in his load to $48 for a store that handled only tobacco, $80 for a tobacco agent, and $400 a year for a factory branch or agent. In 1928 and 1929 the hsien tax office collected the license taxes, but it had so much difficulty in checking on all the dealers that in 1930 the larger tobacco dealers were made responsible for the collection of the license fees.

Wines and wine dealers were similarly taxed. The production tax was $1.25 per 100 catties of rice and date wine, $2.50 per 100 catties of kaoliang wine. Dealers' licenses ranged from $2.00 to $32.00 per year, manufacturers' from $64 to $128 plus a fee of from 20 cents to $4.00 for the issuing of the license. The 1929 wine and tobacco production tax collections totaled $2,450, the dealers' licenses $8,016.